

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name Bingham Township	County Clinton
Fiscal Year End 3/31/06	Opinion Date 9/15/06	Date Audit Report Submitted to State 9/29/06	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

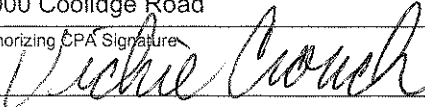
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☒ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☒ ☐ The local unit has adopted a budget for all required funds.
5. ☒ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☒ ☐ The local unit is free of repeated comments from previous years.
12. ☒ ☐ The audit opinion is UNQUALIFIED.
13. ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☒ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) Layton and Richardson, P.C.		Telephone Number 517-332-1900	
Street Address 1000 Coolidge Road		City East Lansing	State MI
		Zip 48823	
Authorizing CPA Signature 	Printed Name Vickie Crouch		License Number 1101013436

BINGHAM TOWNSHIP, MICHIGAN
CLINTON COUNTY
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2006
AND
INDEPENDENT AUDITORS' REPORT



Layton & Richardson, P.C.
Certified Public Accountants

CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3-4
BASIC FINANCIAL STATEMENTS	
Description	5
Statement of Net Assets – Government Wide	7
Statement of Activities	8-9
Balance Sheet – Governmental Funds	10
Reconciliation of the Governmental Funds	
Balance Sheet to the Statement of Net Assets	11
Statement of Revenues, Expenditures, and	
Changes in Fund Balance – Governmental Funds	12
Reconciliation of the Statement of Revenues,	
Expenditures and Changes in Fund Balances	
of Governmental Funds to the Statement	
of Activities – Governmental Funds	13
Statement of Net Assets – Proprietary Fund	14
Statement of Revenues, Expenses and	
Changes in Fund Net Assets – Proprietary Fund	15
Statement of Cash Flows – Proprietary Fund	16
Statement of Fiduciary Net Assets – Fiduciary Funds	17
Notes to Financial Statements	19-27
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Revenues, Expenditures and Changes in	
Fund Balance – Budget and Actual	
General Fund	30-31
Roads and Bridges	32
Building Fund	33
REPORT ON INTERNAL CONTROL OVER	
FINANCIAL REPORTING AND ON	
COMPLIANCE AND OTHER MATTERS	
BASED ON AN AUDIT OF FINANCIAL	
STATEMENTS PERFORMED IN	
ACCORDANCE WITH <u>GOVERNMENT</u>	
<u>AUDITING STANDARDS</u>	35
AUDITOR'S LETTER OF COMMENTS AND RECOMMENDATIONS	37-38



Layton & Richardson, P.C.

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Township Board
Bingham Township
St. Johns, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bingham, Michigan as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Township of Bingham, Michigan. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Bingham, Michigan as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 15, 2006, on our consideration of the Township of Bingham, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 through 4 and the required supplementary information on pages 30 through 33 are not a required part of the basic financial statement but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Township of Bingham, Michigan's basic financial statements. The accompanying introductory section is for purposes of additional analysis and are not a required part of the basic financial statements.


Certified Public Accountants

East Lansing, Michigan
September 15, 2006

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

TOWNSHIP OF BINGHAM
MANAGEMENT'S DISCUSSION AND ANALYSIS

MARCH 31, 2006

New Financial Reporting

Starting with fiscal year 2004-2005, the Township of Bingham, Michigan (the "Township") has revised and improved its financial reporting document. These changes are a result of standards set by the Governmental Accounting Standards Board (GASB). The intent of these new standards is to provide citizens, taxpayers, customers, and investors with a better understanding of how the Township's money and other assets are managed.

The new standards set by GASB are intended to give the reader of this annual financial report a better understanding of the financial status of the Township. The new standards introduce accounting rules and systems that are common in the private sector. This report presents a much broader picture of the Township's financial status. Through this comprehensive reporting of assets and liabilities, the reader should have a greater understanding of the Township's financial health.

The discussion and analysis of the Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

Financial Highlights

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2006:

- * Property tax revenues increased approximately \$577 from the prior year. The increase is the net result of increasing valuations in the Township.
- * Total fund balances related to the Township's governmental funds decreased by \$78,023.

Using this Annual Report

This annual report consists of a series of financial statements. The statement of new assets and the statement of activities provide information about the activities of the Township of Bingham as a whole and present a longer-term view of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing government services.

The fund financial statements present a short-term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the operations of the Township of Bingham in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township of Bingham acts solely as a trustee or agent for the benefit of those outside the government.

The following table shows the changes in net assets during the current year. Future reports will provide comparative data for the statement of activities. Comparative data is not required during the first year of reporting under requirements of GASB Statement No. 34.

TOWNSHIP OF BINGHAM

MANAGEMENT'S DISCUSSION AND ANALYSIS - Concluded

MARCH 31, 2006

Using this Annual Report – Concluded

	2006	2005
REVENUE		
Program Revenue:		
Charges for services	\$ 569,534	\$ 236,809
Licenses and permits	7,407	5,350
General Revenue:		
Property taxes	232,580	232,003
State shared revenue	172,038	174,033
Investment earnings	95,528	118,422
Other revenue	<u>7,959</u>	<u>12,875</u>
TOTAL REVENUE	<u>1,085,046</u>	<u>779,492</u>
PROGRAM EXPENSES		
General government	276,812	168,422
Public safety	130,633	123,368
Public works	532,824	608,139
Culture and recreation	6,240	720
Health	<u>720</u>	<u>6,240</u>
TOTAL PROGRAM EXPENSES	<u>947,229</u>	<u>906,889</u>
CHANGE IN NET ASSETS	\$ <u>137,817</u>	\$ <u>(127,397)</u>

Governmental Activities

The Township's governmental revenues totaled \$441,386, with the greatest revenue source being property taxes. Property taxes make up approximately 52.7% of total governmental revenue. Over the past few years, state shared revenue and interest income have both declined.

The Township incurred expenses of \$522,298 during the year.

General Fund Budgetary Highlights

Over the course of the fiscal year, the Township Board did not make budget adjustments to fund unanticipated expenditures during the year. Most departments came in under budget at year end, an overall favorable variance approximately \$356,371 from budget.

Current Economic Factors

Revenue sharing is the most significant budgetary concern at this time. The State of Michigan is experiencing significant budget problems, and as they look for solutions, revenue sharing continues to be under attack.

Contacting the Township's Management

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of the Township's finances and demonstrate the Township's accountability for the money it receives. If you have questions about this report, or need additional information, we welcome you to contact the Township Board.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements provide information of the governmental activities, business-type activities, aggregate totals of discretely presented component units, major funds and the aggregate remaining funds, which collectively comprise the activities of the Township of Bingham, Michigan.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF NET ASSETS - GOVERNMENT WIDE
MARCH 31, 2006

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 484,652	\$ 277,326	\$ 761,978
Accounts receivable			
Special assessments	118		118
Accounts	32,155	1,722,131	1,754,286
Due from other funds	2,394		2,394
Fixed assets (net of accumulated depreciation)	<u>71,500</u>	<u>3,813,243</u>	<u>3,884,743</u>
TOTAL ASSETS	<u><u>\$ 590,819</u></u>	<u><u>\$ 5,812,700</u></u>	<u><u>\$ 6,403,519</u></u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 8,662	\$ 21,207	\$ 29,869
Deferred revenue		1,696,654	1,696,654
Bonds and notes payable		214,000	214,000
Noncurrent liabilities			
Bonds and notes payable		<u>2,449,750</u>	<u>2,449,750</u>
TOTAL LIABILITIES	<u>8,662</u>	<u>4,381,611</u>	<u>4,390,273</u>
NET ASSETS			
Invested in capital assets, net of related debt	71,500	1,149,493	1,220,993
Restricted	267,401		267,401
Unrestricted	<u>243,256</u>	<u>281,596</u>	<u>524,852</u>
TOTAL NET ASSETS	<u>582,157</u>	<u>1,431,089</u>	<u>2,013,246</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 590,819</u></u>	<u><u>\$ 5,812,700</u></u>	<u><u>\$ 6,403,519</u></u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2006

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES	
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS
Primary Government			
Governmental activities			
General government	\$ 276,812	\$ 6,220	\$ 172,038
Public safety	130,633	850	261
Public works	107,893	4,064	
Health and welfare	720		
Culture and recreation	6,240		
Total Governmental Activities	<u>522,298</u>	<u>11,134</u>	<u>172,299</u>
Business-Type Activities			
Sewer	424,931	558,400	
Total Primary Government	<u>\$ 947,229</u>	<u>\$ 569,534</u>	<u>\$ 172,299</u>

General Revenues
 Property taxes levied for general purposes
 Licenses and permits
 Miscellaneous
 Unrestricted investment earnings

Total General Revenues

Change in Net Assets

Net Assets, April 1

Net Assets, March 31

See accompanying notes to financial statements.

PROGRAM REVENUES CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS		
	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
\$	\$ (98,554)	\$	\$ (98,554)
	(129,522)		(129,522)
	(103,829)		(103,829)
	(720)		(720)
	(6,240)		(6,240)
	(338,865)		(338,865)
		133,469	133,469
\$	(338,865)	133,469	(205,396)
	232,580		232,580
	7,407		7,407
	7,698		7,698
	10,268	85,260	95,528
	257,953	85,260	343,213
	(80,912)	218,729	137,817
	663,069	1,212,360	1,875,429
\$	\$ 582,157	\$ 1,431,089	\$ 2,013,246

BINGHAM TOWNSHIP, MICHIGAN

BALANCE SHEET

GOVERNMENTAL FUNDS

MARCH 31, 2006

	GENERAL	ROADS AND BRIDGES	BUILDING	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 217,251	\$ 147,044	\$ 120,357	\$ 484,652
Accounts receivable	32,155			32,155
Special assessments receivable	118			118
Due from other funds	<u>2,394</u>			<u>2,394</u>
TOTAL ASSETS	<u>\$ 251,918</u>	<u>\$ 147,044</u>	<u>\$ 120,357</u>	<u>\$ 519,319</u>
LIABILITIES				
Accounts payable	<u>\$ 8,662</u>	<u>\$</u>	<u>\$</u>	<u>\$ 8,662</u>
FUND BALANCE				
Reserved for roads and bridges		147,044		147,044
Reserved for buildings			120,357	120,357
Unreserved	<u>243,256</u>			<u>243,256</u>
TOTAL FUND BALANCE	<u>243,256</u>	<u>147,044</u>	<u>120,357</u>	<u>510,657</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 251,918</u>	<u>\$ 147,044</u>	<u>\$ 120,357</u>	<u>\$ 519,319</u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET ASSETS
MARCH 31, 2006

Total fund balances - governmental funds	\$ 510,657
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$104,283 and the accumulated depreciation is \$32,783	<u>71,500</u>
Total net assets - governmental activities	\$ <u><u>582,157</u></u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

	GENERAL	ROADS AND BRIDGES	BUILDING	TOTAL GOVERNMENTAL FUNDS
REVENUES				
Taxes	\$ 112,687	\$ 119,893	\$	\$ 232,580
Licenses and permits	7,407			7,407
State grants	172,299			172,299
Charges for services	7,070			7,070
Interest	10,268			10,268
Other	6,937	4,825		11,762
TOTAL REVENUES	<u>316,668</u>	<u>124,718</u>		<u>441,386</u>
EXPENDITURES				
General government	273,923			273,923
Public safety	130,633			130,633
Public works	15,090	92,803		107,893
Health and welfare	720			720
Culture and recreation	6,240			6,240
TOTAL EXPENDITURES	<u>426,606</u>	<u>92,803</u>		<u>519,409</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(109,938)</u>	<u>31,915</u>		<u>(78,023)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in			10,000	10,000
Operating transfers out	<u>(10,000)</u>			<u>(10,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(10,000)</u>		<u>10,000</u>	
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(119,938)</u>	<u>31,915</u>	<u>10,000</u>	<u>(78,023)</u>
FUND BALANCE, APRIL 1	<u>363,194</u>	<u>115,129</u>	<u>110,357</u>	<u>588,680</u>
FUND BALANCE, MARCH 31	<u>\$ 243,256</u>	<u>\$ 147,044</u>	<u>\$ 120,357</u>	<u>\$ 510,657</u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2006

Net changes in fund balances - total governmental funds	\$ (78,023)
---	-------------

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives.

Less: current year depreciation	<u>(2,889)</u>
---------------------------------	----------------

Change in net assets of governmental activities	\$ <u><u>(80,912)</u></u>
---	---------------------------

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF NET ASSETS

PROPRIETARY FUND - SEWER

MARCH 31, 2006

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 277,326
Receivables	<u>1,722,131</u>

TOTAL CURRENT ASSETS	<u>1,999,457</u>
----------------------	------------------

PROPERTY, PLANT AND EQUIPMENT

Sewer systems	4,313,280
Less: accumulated depreciation	<u>(500,037)</u>

NET PROPERTY, PLANT AND EQUIPMENT	<u>3,813,243</u>
-----------------------------------	------------------

TOTAL ASSETS	\$ <u><u>5,812,700</u></u>
--------------	----------------------------

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Bonds payable	\$ 200,000
Contracts payable	14,000
Accounts payable	21,207
Deferred revenue	<u>1,696,654</u>

TOTAL CURRENT LIABILITIES	<u>1,931,861</u>
---------------------------	------------------

NONCURRENT LIABILITIES

Bonds payable	2,185,000
Contracts payable	<u>264,750</u>

TOTAL NONCURRENT LIABILITIES	<u>2,449,750</u>
------------------------------	------------------

TOTAL LIABILITIES	<u>4,381,611</u>
-------------------	------------------

NET ASSETS

Invested in capital assets, net of related debt	1,149,493
Unreserved	<u>281,596</u>

TOTAL NET ASSETS	<u>1,431,089</u>
------------------	------------------

TOTAL LIABILITIES AND NET ASSETS	\$ <u><u>5,812,700</u></u>
----------------------------------	----------------------------

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND - SEWER
FOR THE YEAR ENDED MARCH 31, 2006

OPERATING REVENUES	
Charges for services	\$ <u>558,400</u>
OPERATING EXPENSES	
Contractual services	116,537
Utilities	6,448
Repairs and maintenance	13,976
Other supplies and expenses	81,143
Depreciation	<u>76,577</u>
TOTAL OPERATING EXPENSES	<u>294,681</u>
OPERATING INCOME	<u>263,719</u>
NONOPERATING REVENUES (EXPENSES)	
Interest earned	85,260
Interest and fiscal charges	<u>(130,250)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(44,990)</u>
NET INCOME	218,729
NET ASSETS, APRIL 1	<u>1,212,360</u>
NET ASSETS, MARCH 31	\$ <u><u>1,431,089</u></u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - SEWER
FOR THE YEAR ENDED MARCH 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 550,313
Cash payment for goods and services	<u>(196,897)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>353,416</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Payment for capital acquisitions	(22,500)
Principal payments	(292,000)
Interest and fiscal charges paid	<u>(130,250)</u>
NET CASH USED IN CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(444,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>85,260</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,074)
CASH AND CASH EQUIVALENTS, APRIL 1	<u>283,400</u>
CASH AND CASH EQUIVALENTS, MARCH 31	<u><u>\$ 277,326</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ <u>263,719</u>
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation	76,577
(Increase) decrease in receivable	281,367
Increase (decrease) in accounts payable	21,207
Increase (decrease) in deferred revenue	<u>(289,454)</u>
Total adjustments	<u>89,697</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 353,416</u></u>

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS - TAX COLLECTION FUND
MARCH 31, 2006

ASSETS

Cash

\$ 12,654

LIABILITIES

Due to state

\$ 10,260

Due to other funds

2,394

TOTAL LIABILITIES

\$ 12,654

See accompanying notes to financial statements.

BINGHAM TOWNSHIP, MICHIGAN

NOTES TO FINANCIAL STATEMENTS

MARCH 31, 2006

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Bingham, Michigan conform to U.S. generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies.

A. Reporting Entity

All funds and account groups under direct control of the Township are included in this report. These funds and account groups are those which meet the criteria established by Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity, and Statement on Michigan Governmental Accounting and Auditing No.5.

The criteria established by GASB for determining which of the Township's various organizations and activities are to be included in the reporting entity's financial statements include oversight responsibility, scope of public service, and special financial relationships. On this basis, the financial statements of certain other governmental organizations are not included in the financial statements of the Township.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the Township of Bingham, Michigan and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for services.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are reported when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to fund liabilities of the current period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the Township of Bingham.

The Township of Bingham reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those to be accounted for in another fund.
- The Road and Bridges Fund accounts for the maintenance of roads and bridges.
- The Building Fund accumulates money for the future purchases of buildings.

The Township of Bingham reports the following major proprietary fund:

- The Sewer Fund accounts for the operation of the lagoons.

Fiduciary Funds account for resources reserved and held by a governmental unit as the trustee or as the agent for others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township of Bingham has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Tax Fund and other functions and segments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services and privileges provided 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general revenue.

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

C. Measurement Focus, Basis of Accounting, and Financial Statements - Concluded

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from provided services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expense for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township of Bingham's policy to use restricted resources first. Unrestricted resources are used as they are needed.

D. Budgets

Budgets for the General and Special Revenue Funds are enacted by the Township Board annually through passage of a resolution, which establishes appropriations and identifies resources to finance them. Budgets are enacted by activity and, more specifically, by personnel expenditures and supplies and services within activity. Unexpended appropriations lapse at each year end. Budgets for the General and Special Revenue Funds shown in the financial statements are adopted on the cash basis, which is not in conformity with U.S. generally accepted accounting principles.

E. Receivables

Receivables have been recognized for all significant amounts due the Township. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

F. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township of Bingham as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statement of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Concluded

F. Capital Assets - Concluded

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

ASSET CLASS	DEPRECIABLE LIFE
Land	n/a
Buildings	10-50 years
Equipment	5-20 years
Utility systems	10-40 years

G. Long-Term Liabilities

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using straight line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuances costs, whether or not withheld from the actual debt received, are reported as debt service.

H. Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

I. Deposits and Investments

All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

J. Cash and Cash Equivalents

For purposes of the statements of cash flows, the proprietary and fiduciary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

K. Deferred Revenue

Deferred revenue recorded in the Sewer Fund consists of the special assessment income that still needs to be collected on the tax bills.

NOTE 2: **PROPERTY TAX**

The 2005 property tax revenue includes property taxes levied principally on July 1, 2005, and substantially collected in July and December, 2005. The total 2005 levy for the Township was \$232,580 for general operating purposes and roads.

NOTE 3: **INTERFUND RECEIVABLES AND PAYABLES**

Interfund receivables and payables balances at March 31, 2006 are as follows:

FUND	DUE FROM	FUND	DUE TO
General Fund	\$ <u>2,394</u>	Tax	\$ <u>2,394</u>

NOTE 4: **LONG-TERM OBLIGATIONS**

The following is a summary of long-term debt transactions of the primary government and all component units for the year ended March 31, 2006.

	PROPRIETARY FUNDS
As of April 1, 2005	\$ 2,955,750
Additions (Reductions)	(<u>292,000</u>)
As of March 31, 2006	\$ <u>2,663,750</u>

Long-term debt at March 31, 2006 is comprised of the individual issues:

	BALANCE APRIL 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE MARCH 31, 2006	DUE WITHIN ONE YEAR
Governmental Activities -				
Proprietary Funds				
SEWER FUND REVENUE BONDS				
The Township's share of Clinton County Sanitary Sewer Disposal System Bonds, Series II is dated in 1988 with interest payable on April 1 and October 1 of each year.	\$ 60,000	\$(20,000)	\$ 40,000	\$ 20,000
The Township's share of Clinton County Sanitary Sewer Project Bonds – Bingham Township, Series 1999, with interest payable on May 1 and November 1 of each year. Interest rates vary.	2,385,000	(155,000)	2,230,000	155,000
The Township's share of Clinton System Bonds – Bingham Township, Series 1990, with interest payable on April 1, and October 1 of each year.	135,000	(20,000)	115,000	25,000

NOTE 4: LONG-TERM OBLIGATIONS – Continued

	BALANCE APRIL 1, 2005	ADDITIONS (DEDUCTIONS)	BALANCE MARCH 31, 2006	DUE WITHIN ONE YEAR
Governmental Activities -				
Proprietary Funds				
SEWER FUND CONTRACT PAYABLE				
The Township owes for land purchased which included a sewer lagoon. There is no interest on outstanding balance. This is a 10 year contract.	\$ 70,000	\$(10,000)	\$ 60,000	\$ 10,000
The Township owes for land purchased. There is no interest in the outstanding balance. This is a 10 year contract.		20,000	20,000	4,000
	<u>\$ 2,650,000</u>	<u>\$(185,000)</u>	<u>\$ 2,465,000</u>	<u>\$ 214,000</u>

Sewer Fund Contract Payable

The Township owes for additional land for sewer lagoon property. Interest will accrue at 7% effective August 1, 2001. Each such principal payment shall be in an amount equal to \$1,000 times the number of residential equivalent tap-in fees collected from new Township customers in the previous three (3) months, other than customers in the existing mobile home park, connecting to the Township's sanitary sewage treatment system which system has its sewage treated at the lagoon located on the property. Notwithstanding the above, any outstanding principal balance under this agreement that has not been paid, shall be due upon the earlier to occur of (I) the date which is ten (10) years after the commencement date, or (II) the completion date for the Mechanical Treatment Plant.

Balance due March 31, 2006 is \$198,750 principal and \$0 accrued interest.

The annual requirements to pay future principal and interest are as follows:

YEAR ENDING MARCH 31,		BUSINESS-TYPE
2007	Principal	\$ 214,000
	Interest	107,633
	Total	321,633
2008	Principal	209,000
	Interest	98,728
	Total	307,728
2009	Principal	209,000
	Interest	89,710
	Total	298,710

NOTE 4: **LONG-TERM OBLIGATIONS – Concluded**

		BUSINESS-TYPE
YEAR ENDING MARCH 31,		
2010	Principal	\$ 209,000
	Interest	82,010
	Total	291,010
2011	Principal	184,000
	Interest	74,280
	Total	258,280
2012-2020	Principal	800,000
	Interest	256,800
	Total	1,056,800
2021-2025	Principal	640,000
	Interest	64,000
	Total	704,000
TOTAL	Principal	2,465,000
	Interest	773,161
	Total	3,238,161

NOTE 5: **DEFINED CONTRIBUTION PLAN**

EMPLOYEES' RETIREMENT SYSTEM – DEFINED CONTRIBUTION

Plan Description

The Township has a defined contribution pension plan covering all elected officials who choose to belong to the plan. This benefit is an insurance-type plan administered by Aetna Life Insurance Co. under the provisions of Section 401(a) of the Internal Revenue Code.

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on the investments of those contributions, and forfeitures of other participants' benefits that may be allocated to such participant's account. The plan requires the employer to contribute 3.75% of the participating employee's gross wages, with immediate vesting, and employees have 3.75% withheld from wages.

During the year, the Township's required and actual contributions amounted to \$1,439 which was 1.72 percent of its current year-covered payroll. The plan is funded through Aetna Life Insurance Company.

NOTE 6: **COMPLIANCE WITH STATE BUDGET ACT**

P.A. 621 of 1978, as amended, requires that a local unit of government adopt a budget for the general and special revenue funds. The Township adopts budgets for only the general and special revenue funds. P.A. 621 also provides that a local unit shall not incur expenditures in excess of amounts appropriated. For the year ended March 31, 2006, the actual expenditures exceeded final budgeted amounts for the following funds:

	BUDGET	ACTUAL EXPENDITURES	VARIANCE (UNFAVORABLE)
General Fund			
Legislative	\$ 7,100	\$ 7,377	\$(277)
Attorney	50,000	117,378	(67,378)
Treasurer	14,826	14,850	(24)
Police		410	(410)
Public services		2,546	(2,546)

NOTE 7: **OPERATING TRANSFERS**

OPERATING FUND	TRANSFERS IN	OPERATING FUND	TRANSFERS OUT
Building	\$ <u>10,000</u>	General	\$ <u>10,000</u>

NOTE 8: **SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The Township maintains one Enterprise Fund: the Sewer Fund. Segment information for the year ended March 31, 2006 is as follows:

	SEWER
Total assets	\$ 5,812,700
Total liabilities	4,381,611
Total net assets	1,431,089
Operating revenues	558,400
Operating expenses	294,681
Depreciation expense	76,577
Operating income	263,713
Nonoperating expenses	(44,990)
Change in net assets	218,729
Beginning net assets	1,212,360
Ending net assets	1,431,089
Cash flows from operating activities	353,416
Cash flows from capital and related financing activities	(444,750)
Cash flows from investing activities	85,260
Cash and cash equivalents, beginning	283,400
Cash and cash equivalents, ending	277,326

NOTE 9: CAPITAL ASSETS

A summary of changes in governmental capital assets including internal service fund assets are as follows:

	APRIL 1, 2006	ADDITIONS	DELETIONS	MARCH 31, 2006
Capital assets not being depreciated				
Land	\$ <u>3,200</u>	\$ _____	\$ _____	\$ <u>3,200</u>
Capital assets being depreciated				
Buildings	78,935			78,935
Machinery and equipment	<u>22,148</u>	_____	_____	<u>22,148</u>
Total Capital assets being depreciated	<u>101,083</u>	_____	_____	<u>101,083</u>
Less: Accumulated Depreciation				
Buildings	11,302	1,439		12,741
Machinery and equipment	<u>18,592</u>	<u>1,450</u>	_____	<u>20,042</u>
Total Accumulated Depreciation	<u>29,894</u>	<u>2,889</u>	_____	<u>32,783</u>
Total Capital Assets being depreciated - Net	<u>71,189</u>	(<u>2,889</u>)	_____	<u>68,300</u>
NET CAPITAL ASSETS	\$ <u>74,389</u>	\$ (<u>2,889</u>)	\$ _____	\$ <u>71,500</u>

Depreciation expense for the governmental activities was charged to the following functions and activities of the primary government:

GOVERNMENTAL ACTIVITY	AMOUNT
General government	\$ <u>2,889</u>

A summary of the asset activity for the governmental activity component unit is as follows:

	APRIL 1, 2006	ADDITIONS	DELETIONS	MARCH 31, 2006
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ <u>460,175</u>	\$ <u>22,500</u>	\$ _____	\$ <u>482,675</u>
Capital assets being depreciated				
Sewers	<u>3,830,605</u>	_____	_____	<u>3,830,605</u>
Less: Accumulated Depreciation				
Sewers	<u>423,460</u>	<u>76,577</u>	_____	<u>500,037</u>
Total Capital Assets being depreciated	<u>3,407,145</u>	(<u>76,577</u>)	_____	<u>3,330,568</u>
NET CAPITAL ASSETS	\$ <u>3,867,320</u>	\$ (<u>54,077</u>)	\$ _____	\$ <u>3,813,243</u>

REQUIRED SUPPLEMENTARY INFORMATION

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2006

	BUDGETED AMOUNTS		ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL		
REVENUES				
Taxes				
Current property taxes	\$ 83,000	\$ 83,000	\$ 80,491	\$ (2,509)
Other taxes - P.A. 425			2,597	2,597
Administration fees	20,000	20,000	27,127	7,127
Trailer fees	1,000	1,000	1,087	87
Interest and penalties			1,385	1,385
Total Taxes	<u>104,000</u>	<u>104,000</u>	<u>112,687</u>	<u>8,687</u>
Licenses and Permits				
Cable franchise fees			7,407	7,407
Intergovernmental				
State revenue sharing	151,000	151,000	172,038	21,038
Liquor licenses			261	261
Total Intergovernmental	<u>151,000</u>	<u>151,000</u>	<u>172,299</u>	<u>21,299</u>
Charges for Services				
Collection fees			4,120	4,120
Fire runs and protection			850	850
Landsplit fees			2,100	2,100
Total Charges for Services			<u>7,070</u>	<u>7,070</u>
Other Revenues				
Interest on investments	2,000	2,000	10,268	8,268
Assessments - street lighting			4,064	4,064
Reimbursements	10,000	10,000	1,460	(8,540)
Miscellaneous	3,000	3,000	1,413	(1,587)
Total Other Revenues	<u>15,000</u>	<u>15,000</u>	<u>17,205</u>	<u>2,205</u>
TOTAL REVENUES	<u>270,000</u>	<u>270,000</u>	<u>316,668</u>	<u>46,668</u>

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL - Concluded

GENERAL FUND

FOR THE YEAR ENDED MARCH 31, 2006

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
EXPENDITURES				
General Government				
Legislative	\$ 7,100	\$ 7,100	\$ 7,377	\$ (277)
Supervisor	14,650	14,650	14,650	
Administration	22,750	22,750	22,750	
Elections	5,000	5,000	1,415	3,585
Assessor	13,062	13,062	13,062	
Attorney	50,000	50,000	117,378	(67,378)
Clerk	14,151	14,151	14,151	
Board of review	1,000	1,000	750	250
Treasurer	14,826	14,826	14,850	(24)
Hall and grounds	62,100	62,100	52,916	9,184
Other general government	96,483	96,483	14,624	81,859
Total General Government	301,122	301,122	273,923	27,199
Public Safety				
Police			410	(410)
Fire	128,000	128,000	127,284	716
Planning	50,000	50,000	2,939	47,061
Total Public Safety	178,000	178,000	130,633	47,367
Public Works				
Drain at large	30,000	30,000	8,270	21,730
Highways and streets	70,000	70,000	4,274	65,726
Public services			2,546	(2,546)
Total Public Works	100,000	100,000	15,090	84,910
Health and Welfare	15,000	15,000	6,240	8,760
Culture and Recreation				
Library	1,000	1,000	720	280
TOTAL EXPENDITURES	595,122	595,122	426,606	168,516
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(325,122)	(325,122)	(109,938)	215,184
OTHER FINANCING (USES)				
Operating transfers out	(10,000)	(10,000)	(10,000)	
EXCESS OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	(335,122)	(335,122)	(119,938)	215,184
FUND BALANCE, APRIL 1	363,194	363,194	363,194	
FUND BALANCE, MARCH 31	\$ 28,072	\$ 28,072	\$ 243,256	\$ 215,184

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

ROADS AND BRIDGES

FOR THE YEAR ENDED MARCH 31, 2006

	<u>BUDGETED AMOUNTS</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 124,000	\$ 124,000	\$ 119,893	\$ (4,107)
Miscellaneous			4,825	4,825
TOTAL REVENUES	<u>124,000</u>	<u>124,000</u>	<u>124,718</u>	<u>718</u>
EXPENDITURES				
Highways and streets	<u>233,272</u>	<u>233,272</u>	<u>92,803</u>	<u>140,469</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(109,272)	(109,272)	31,915	141,187
FUND BALANCE, APRIL 1	<u>115,129</u>	<u>115,129</u>	<u>115,129</u>	
FUND BALANCE, MARCH 31	<u>\$ 5,857</u>	<u>\$ 5,857</u>	<u>\$ 147,044</u>	<u>\$ 141,187</u>

BINGHAM TOWNSHIP, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

BUILDING FUND

FOR THE YEAR ENDED MARCH 31, 2006

	BUDGETED AMOUNTS			VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$	\$	\$	\$
Miscellaneous				
TOTAL REVENUES				
OTHER FINANCING SOURCES				
Transfer in	10,000	10,000	10,000	
EXCESS OF REVENUES OVER EXPENDITURES	10,000	10,000	10,000	
FUND BALANCE, APRIL 1	110,357	110,357	110,357	
FUND BALANCE, MARCH 31	\$ 120,357	\$ 120,357	\$ 120,357	\$



Layton & Richardson, P.C.

Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Township Board
Bingham Township
St. Johns, Michigan

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Township of Bingham, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township of Bingham, Michigan's basic financial statements and have issued our report thereon dated September 15, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Bingham, Michigan's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Bingham, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Township of Bingham, Michigan, in a separate letter dated September 15, 2006.

This report is intended solely for the information and use of management, Township Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Layton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
September 15, 2006



Layton & Richardson, P.C.

Certified Public Accountants

AUDITORS' LETTER OF COMMENTS AND RECOMMENDATIONS

Township Board
Township of Bingham
St. Johns, Michigan

We have audited the general purpose financial statements of the Township of Bingham for the year ended March 31, 2006, and have issued our report on those statements. As part of the audit process, we tested and evaluated the system of internal accounting control and the procedures used to record the financial transactions of the Township of Bingham. These tests and evaluations are important to the audit process because they serve as the basis for our opinion on the reliability and accuracy of the financial statements.

The management of the Township of Bingham is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with procedures may deteriorate.

Our study and evaluation of the internal accounting control system would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Bingham.

CURRENT YEAR RECOMMENDATIONS

ACCOUNTING SYSTEM

- 1) Our analysis of the Township of Bingham's current accounting system indicated that it was inadequate for the current needs of the organization. There are numerous off-the-shelf computer accounting packages that are far more efficient and easier to use. We feel that a new accounting system would benefit the Township of Bingham in two specific ways. First, it would increase the Township's ability to efficiently and effectively record daily transactions. Second, it would provide management with complete and accurate financial information on a timelier basis. We strongly suggest that this investment will be very worthwhile and beneficial over the years.
- 2) Our audit testing procedures disclosed that the books between the Clerk and Treasurer were not being reconciled. A significant effort should be undertaken to ensure that all books between the Clerk and Treasurer are reconciled every month.

1000 Coolidge Road
East Lansing, MI 48823

(517) 332-1900
(517) 332-2082 fax
Info@LNRCPA.com

Merrick A. Richardson, CPA
Principal
Rick@LNRCPA.com

Vickie L. Crouch, CPA, CGFM
Principal
Vickie@LNRCPA.com

Stephen D. Plumb, JD, CPA
Principal
Steve@LNRCPA.COM

David Layton, CPA
DaveLayton@LNRCPA.com

We are grateful to the Township employees for the assistance and cooperation we received during the audit and we thank them.

Hayton & Richardson, P.C.
Certified Public Accountants

East Lansing, Michigan
September 15, 2006